

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** 07/08/2021  
**POSITION:** Oppose  
**SPONSOR:** Electric Vehicle Charging Association

**BILL NUMBER:** SB 551  
**AUTHOR:** Stern, Henry

### **BILL SUMMARY:** California Zero-Emission Vehicle Authority.

This bill establishes the California Zero-Emission Vehicle (ZEV) Authority within the Governor's Office of Business and Economic Development (GO-Biz). This bill requires the California ZEV Authority to advance ZEV infrastructure deployment, including charging stations and hydrogen refueling stations, and address related equity, workforce development, economic development, and other needs to grow and support the sector statewide to achieve the goals of Executive Order N-79-20. This bill sunsets the California ZEV Authority on January 1, 2029.

### **FISCAL SUMMARY**

GO-Biz indicates that this bill will cost approximately \$1,156,000 General Fund annually through 2028 for requisite staffing costs to establish and run the California ZEV Authority. Any request for additional resources would be evaluated through the annual budget process.

In addition, this bill requires the Authority to develop new funding and financing programs, as separately authorized by the Legislature, including, but not limited to, incentives, rebates, tax credits, loan guarantees, reverse auctions, seed funds, pooled insurance funds, and matching grants. This requirement creates General Fund cost pressures to provide additional funding to establish these programs.

The California Air Resources Board indicates that any costs associated with this bill would be minor and absorbable.

### **COMMENTS**

The Department of Finance is opposed to this bill because it results in ongoing General Fund costs through 2028 that are not included in the 2021 Budget Act and could lead to General Fund cost pressures to establish additional funding and finance programs. Furthermore, this bill could be duplicative of activities that GO-Biz and other state agencies are already doing to achieve the goals of Executive Order N-79-20.

Executive Order N-79-20, issued on September 23, 2020, requires GO-Biz, in consultation with the California Air Resources Board, Energy Commission, California Public Utilities Commission, State Transportation Agency, the Department of Finance and other state agencies; local agencies; and the private sector, to develop a ZEV Market Development Strategy by January 31, 2021, and update the strategy every three years thereafter. The ZEV Market Development Strategy, which was issued by GO-Biz in February 2021, is designed to organize collective action around the four pillars of the ZEV Market: Vehicles, Infrastructure, End Users, and Workforce.

GO-Biz currently has a ZEV Market Development Strategy Unit that is meant to help California

Analyst/Principal (242) Weber, Timothy	Date	Program Budget Manager Jarvis, Amy	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS		Form DF-43 (Rev 03/95 Buff)	

Stern, Henry

07/08/2021

SB 551

**COMMENTS** (continued)

move forward and deliver zero-emission vehicle benefits to Californians. The Unit's role is to actively build constructive connections between stakeholders, work with stakeholders to chart and correct the course of action for collective focus, coordinate state agency actions, and facilitate transparency to keep stakeholders and agencies accountable, to the public and to one another. The Unit worked with the various state and local entities to develop the ZEV Markey Development Strategy.

This bill establishes the California ZEV Authority within GO-Biz, which will coordinate activities among state agencies to advance light-, medium-, and heavy-duty ZEVs and zero-emission infrastructure deployment, as well as address related equity, workforce development, economic development, and other needs to grow and support the sector statewide to achieve the goals of Executive Order N-79-20. As mentioned above, GO-Biz currently has an existing Unit focused on coordinating ZEV activities among various entities; therefore some efforts of this new Authority are likely duplicative of efforts already being undertaken by GO-Biz.

In addition, this bill requires the California ZEV Authority to develop new funding and financing programs, as separately authorized by the Legislature. These funding and financing programs include incentives, rebates, tax credits, loan guarantees, reverse auctions, seed funds, pooled insurance funds, and matching grants to start early stage markets, such as heavy-duty zero-emission trucks; lower the cost of capital; unlock private capital; allow business models not captured by current programs; and address gaps in the market to accelerate the transition to a zero-emissions transportation system, as specified.

This bill also requires the California ZEV Authority to build upon the ZEV Market Development Strategy to actively coordinate among state, regional, and local government entities to facilitate and accelerate the transition to a zero-emission transportation system. This includes: (1) serving as the state coordinator of transportation electrification and zero-emission goods movement efforts to remove barriers and friction to accelerate progress towards the state's zero-emission vehicle goals, (2) ensuring equity in access to zero-emissions mobility options in low-income and disadvantaged communities, and (3) establishing ZEV-related job training programs, safety certificates, and skilled jobs to help provide sufficient skilled workers in high-quality jobs for the buildout of a clean transportation system.

This bill requires the California ZEV Authority to publish, every two years, an update of progress on all activities, including metrics tracking vehicle sales, infrastructure deployment, funding, private capital leveraged, the growth of market players in the state, and associated job training and creation.

This bill requires the Authority to ensure that the California Air Resources Board serves as the lead agency on zero-emission vehicle policy and that the Energy Commission serves as the lead state agency on zero-emission vehicle infrastructure policy.

According to the author's office, there are currently 29 state agencies working together with a variety of ZEV partners to develop ZEV policies, but this process can be slow, burdensome, and inefficient. This bill intends to provide leadership, direction, and accountability to address existing challenges around coordination and financing to achieve the state's ZEV goals.

**BILL NUMBER**

SB 551

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					Fund Code
	LA	(Dollars in Thousands)					
	CO	PROP					
	RV	98	FC	2021-2022 FC	2022-2023 FC	2023-2024	
0509/Gov Econ Dev	SO	No	C	1,156 C	1,156 C	1,156	0001
3900/Air Res Bd	SO	No		----- No/Minor Fiscal Impact -----			3237
<u>Fund Code</u>	<u>Title</u>						
0001	General Fund						
3237	Cost of Implementation Account						